

Consumption Patterns, Market Characteristics and Regulation in the Pharmaceutical Industry. Evidence from two Therapeutic Groups in Insured Population

Abstract

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Using a theoretical framework based on estimating demand functions under uncertainty, this paper proposes to highlight the importance of including economic variables of market structure and actors' strategic organization in the design of regulations on the pharmaceutical sector, beyond the relevance of pharmacological and clinical tools. The specification of regularity standards in social health insurance schemes requires of dynamic tools to improve the decision making process within a framework of evidence-based medicine and cost-effectiveness analysis. With a sample of 9147 and 27647 observations on prescriptions by population covered by social insurance in Argentina, the paper two analyzes therapeutic groups: hypertensive and lipid lowering, respectively. Econometric implementation implied classical least squares estimation and logistic models for therapeutic group, product and brand. The data provides consistent messages about the presence of differentiation mechanisms that overshadow the traditional inverse relationship between price and sales. In particular, the interaction between brand and drugs, which can be extended to technological changes in a dynamic context, implies a complementary perspective in designing a regulatory framework. The power of negotiation and establishment of rules of producers must be considered in each particular therapeutic class, allowing coordinated incentives to encourage rational prescription behavior, moving in a pattern of more cost-effective and equitable use of resources.

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